Detailed Summary of Evidence Supporting the designation of a Short Term Let Control Area

Argyll and Bute Council

Sept 2026

1.0 INTRODUCTION

1.1 In declaring a Housing Emergency in 2023 one of the key determining issues was and is, the significant levels of housing stock not being used by people to live in as their principal place of residence. This un-used housing stock is referred to as 'ineffective stock' and is comprised of; second or holiday homes, long term empty properties and, secondary let short term lets. Together these represent 15% of the housing stock across Argyll and Bute. However, because they are not evenly distributed spatially, it can mean in certain Housing Market Areas as much as 42% of the housing stock is not available as places to live either through ownership or private rental, and this can be even higher in certain smaller settlements. This is a significant impact on the housing system, reducing the availability of housing choices, often in remote rural and island areas where such choices are more limited in any case.

1.2 Unfortunately these reductions in housing availability are tending to be concentrated in areas where other stresses on the housing market, such as affordability, levels of single occupancy; unmet demand for social housing, low or no levels of private sector new build housing are also at their most acute. The combination of these factors is known to be contributing to wider societal issues such as restricting local business and key life-line services from maintaining or expanding their operations due to lack of accommodation for their staff.

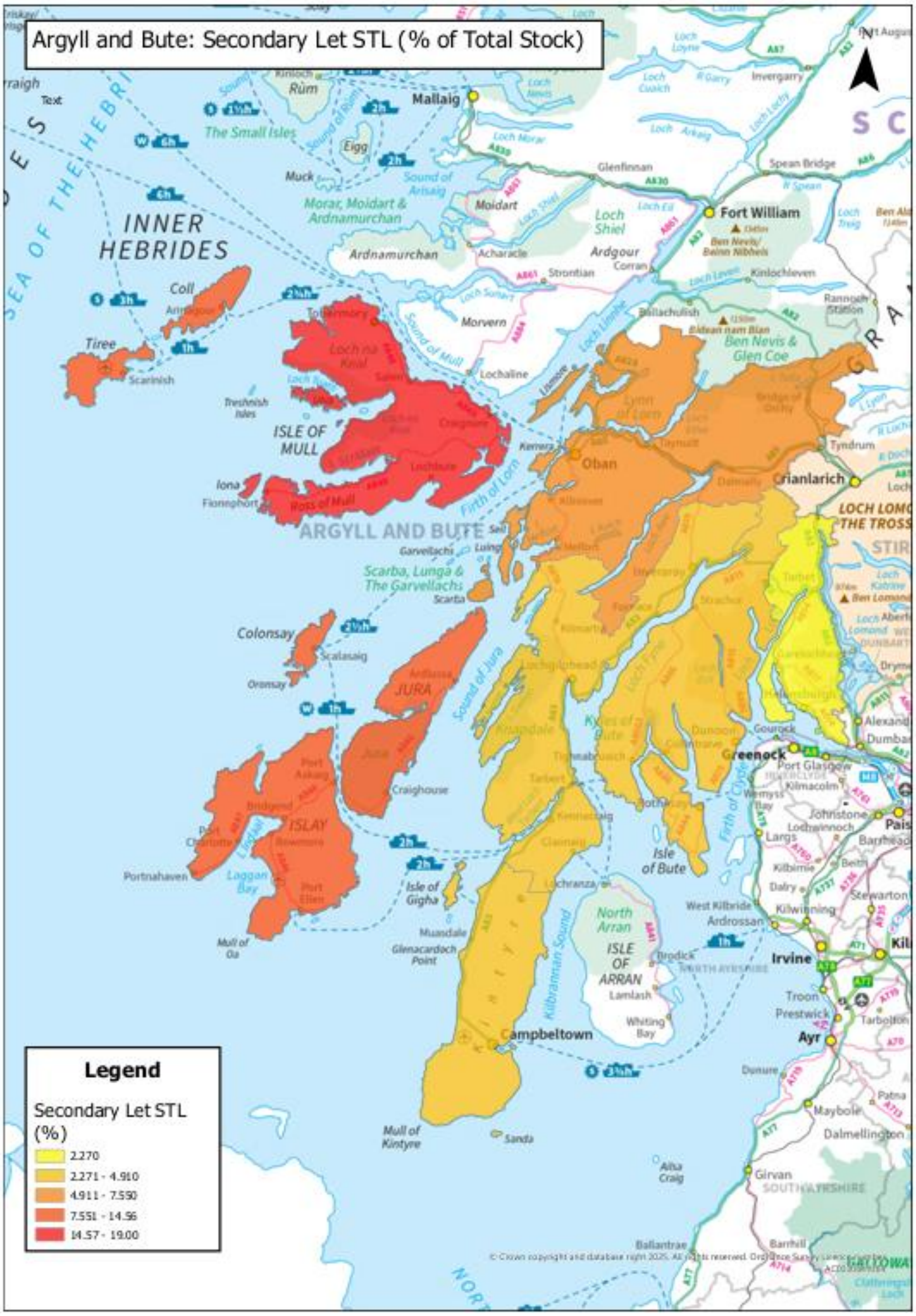
1.3 Availability of Housing has been consistently identified in recent surveys as a high priority and this is reflected both in the Council and Community Planning priorities.

2.0 GEOGRAPHICAL DISTRIBUTION OF SHORT TERM LETS

2.1 Since the Short Term Let Licensing scheme came into force in March 2022, all hosts operating a Short Term Let property are required to obtain a STL License, and to renew it every three years. As of February 2026, there have been 3270 STL Licenses approved.

2.2 The receipt of these STL License applications has allowed the development of a proper understanding of the nature and distribution of the short term let properties within Argyll and Bute. There are three main types of STL, home sharing, home letting or secondary letting. It is the latter, secondary letting, which is of primary interest as unlike the other types, this involves the permanent use for holiday letting of a whole dwelling that could otherwise be used as a place of principal residence. There have been approximately 2,900 STL Licenses granted for secondary letting properties across Argyll and Bute. However, as stated these are not evenly spread across our Area.

2.3 The map below shows how the number of Secondary Let STLs as a percentage of total dwellings varies by Housing Market Area (HMA). It is clear that there are relatively high concentrations of Secondary Let STLs on Mull and Iona, Coll and Tiree, Isaly, Jura and Colonsay. Lorn and the Inner Isles has a high but lesser percentage, although it is noteworthy that in this HMA the actual number of Secondary Let STLs, not the percentage, is the highest at 663.



% of housing stock that are Secondary Let STL by HMA

3.0 DISTRESSED HOUSING MARKET AREAS

3.1 Notwithstanding the uneven spatial distribution of Secondary Let STLs it is also important to consider the whole Housing Market System within which those concentrations exist before making any policy decisions. A healthy housing system would be more resilient to Secondary Let STLs than one under distress. It is general best practice to consider housing policy through a geography of Housing Market Areas. A Housing Market Area (HMA) is defined as one within which the majority of housing choices or moves are self-contained. In other words, it is considered that most people within an HMA, are able to make a locational housing choice within that HMA. Argyll and Bute is unusually dispersed geographically, and as a result has 9 HMAs.

3.2 Table 1 below summarises a range of statistics which help to illustrate the conditions or resilience of the HMAs

	TOTAL No. of dwellings on Council Tax as of April 2025 Plus STLs not on Council Tax Register (NDR)	Secondary Let STLs		Long Term Empty (incl levy but excl Empty & Exempt) As of April 2025		Second Homes (%) As of April 2025 that are not also STLs		Ineffective stock (Columns 3,4 & 5 added together)		Pressure Ratio Overall Housing Need and Demand As of April 2025	Sales out with ABC (%) As at 2024 (based on 11months sales)	Private Rented (%) As at April 2025	Council Tax Single Occupancy discount (%) As of April 2025
		No.	%	No.	%	No.	%	No.	%				
Mull & Iona	2,328	382	16.4%	149	6.4%	159	6.8%	690	29.6%	9:1	55%	10.4%	29.5%
Coll & Tiree	783	96	12.3%	41	5.2%	167	21.3%	331	42.3%	4:1	67%	4.6%	24.7%
Islay / Jura & Colonsay	2,543	289	11.4%	189	7.4%	233	9.2%	756	29.7%	4:1	48%	9%	30.5%
Lorn and the Inner Isles	9,581	663	6.9%	364	3.8%	344	3.6%	1430	14.9%	7:1	34%	10.4%	35.4%
Mid Argyll	6,003	270	4.5%	286	4.8%	362	6.0%	956	15.9%	3:1	44%	7.9%	36.5%
Cowal	9,100	349	3.8%	402	4.4%	469	5.2%	1261	13.9%	4:1	49%	9.0%	37.2%
Kintyre	4,297	170	4.0%	236	5.5%	150	3.5%	596	13.9%	2:1	37%	8.6%	37.6%
Bute	4,379	131	3.0%	230	5.3%	379	8.7%	772	17.6%	1:1	56%	10.5%	41.3%
Helensburgh and Lomond	12,616	261	2.1%	308	2.4%	128	1.0%	732	5.8%	6:1	45%	7.9%	33.6%
Argyll and Bute	**51,630**	**2,611**	**5.1%**	**2,205**	4.3%	**2,391**	4.6%	**7582**	**14.7%**	**4:1**	**45%**	8.9%	35.5%

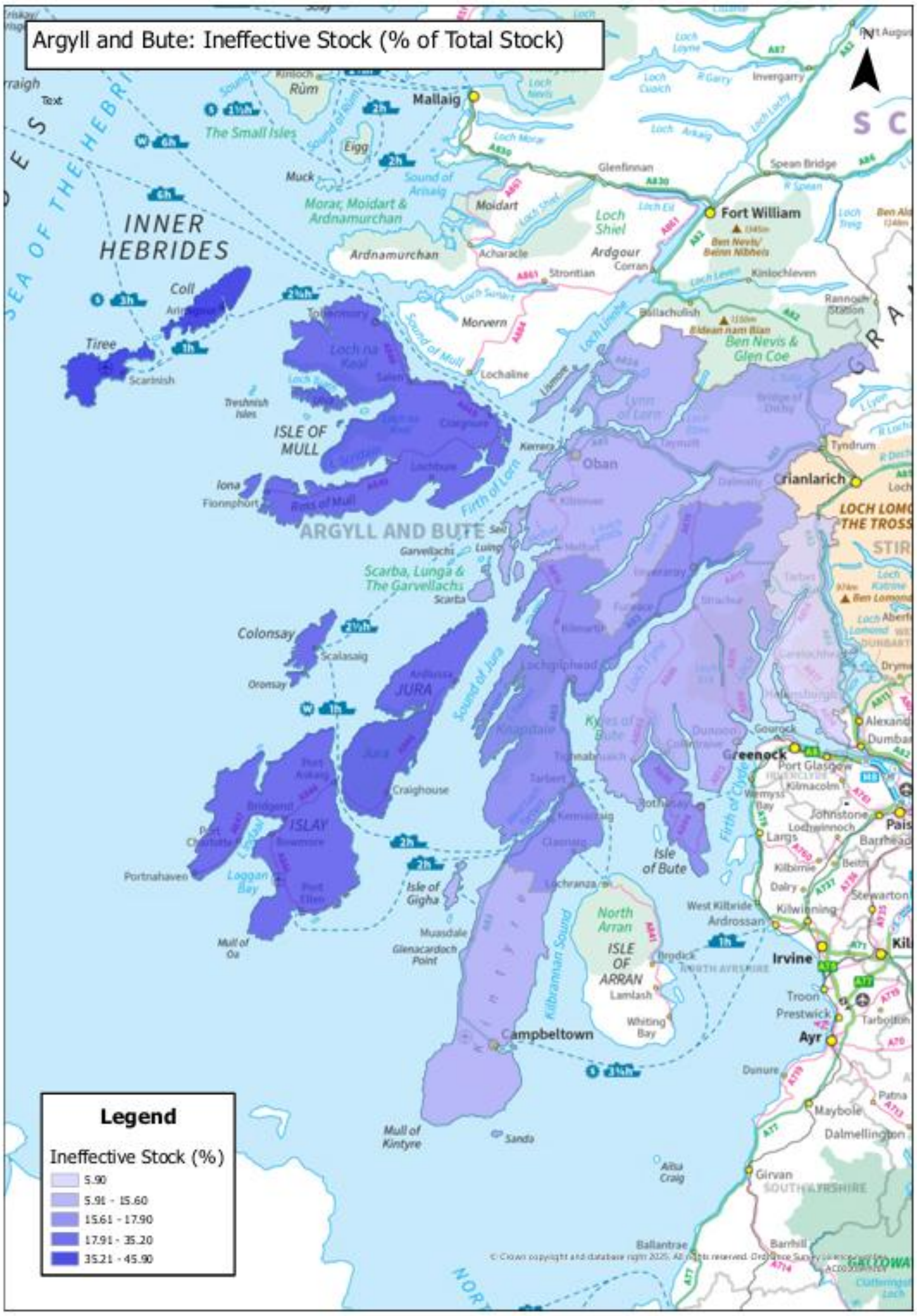
Table 1

Non-effective Housing Stock

3.3 One of the most significant effects of Secondary Let STLs is their direct reduction in the number of dwellings that are available for use as principal homes. Other factors also have a similar direct reduction in the number of dwellings available, particularly Second Homes, and Long Term Empty properties. Table 1 above shows that there are high levels of these properties in the same HMAs where there are high concentrations of Secondary STLs. When these are considered in combination, we see there are very significant levels of non-effective housing stock (STL/Second Home / Long term Empty) in certain areas as shown in the map below.

Housing stock not in use as a principal home

- Mull & Iona - 30%
- Coll & Tiree - 42%
- Islay/ Jura & Colonsay - 30%
- Lorn and the Inners Isles - 15%



% of Housing Stock Ineffective by HMA

Single Occupancy of Dwellings

3.4 It is clear from Table 1 that the amount on housing stock that is available for use as principal homes is significantly reduced in certain HMAs. Of the remaining housing stock that is still available, occupied either as private owner occupied homes, private rental, or social housing, substantially higher than normal parts of this housing stock are occupied by single occupants.

Dwellings occupied by one person

- Mull & Iona - 30%
- Coll & Tiree - 25%
- Islay/ Jura & Colonsay - 30%
- Lorn and the Inners Isles - 35%

3.5 This means a smaller number of people than normal, are occupying a larger number of available properties than normal. The result of that is a further reduction in the availability of housing for principal homes to the remaining population.

Reduction In Private Rented Stock

3.6 During recent years the amount of housing stock available for occupation as principle homes in the private rented sector has decreased as can be seen below.

Percentage of stock available for Private Rent

Area	2022	2023	2024	2025
Mull and Iona	12.8	12.9	9.6	10.4
Coll and Tiree	6.7	6.5	4.2	4.6
Islay / Jura and Colonsay	10.2	10.4	8.5	9.0
Lorn and the Inner Isles	13.8	13.9	8.3	7.9

High Levels of Competition for Social Housing Stock

3.7 The effect of the reduced supply and availability of housing stock across all tenures, is increased competition for what is available. This is easy to demonstrate in the Social Housing Sector, and Table 1 lists the Pressure Ratios by HMA. The pressure ratio is the number of applicants on the Council's housing waiting list for each available tenancy. In 2025 there were between 4 and 9 applicants for every available tenancy in Lorn and all the Islands.

Number of applicants for every new social tenancy

- Mull & Iona - 9
- Coll & Tiree - 4
- Islay/ Jura & Colonsay - 4
- Lorn and the Inners Isles - 7

Affordability of Private Housing Stock

3.8 In the private sector the increasing competition for available stock is indicated by prices and affordability. As shown in the table below, the median house sale in 2024 was between 4.7 and 6.2 times the local median incomes in Lorn and the Island HMAs, which would generally be considered unaffordable for those seeking a mortgage.

Affordability by HMA (Median Prices to incomes) 2024

Area	Median House price	Median income	Affordability ratio
Coll & Tiree	£250,000	£40,199	6.2
Islay, Jura, Colonsay	£200,000	£33,184	6.0
Lorn	£200,000	£41,911	4.8
Mull & Iona	£196,000	£41,686	4.7

Competition for Housing Stock by Purchasers From Outside A&BC

3.9 Additional competition from outside the area also affects affordability and availability. The number of property sales to people from outside Argyll and Bute is significantly higher than national averages. Regardless of motive (holiday home, retirement home, coming to work), it is indicative of the higher purchasing power of these purchasers and therefore not only an inflationary effect on prices, but a further pressure on the availability of housing choice to local residents who are effectively out competed in the market.

Sales to people outside of Argyll and Bute

- Mull & Iona - 55%
- Coll & Tiree - 67%
- Islay/ Jura & Colonsay - 48%
- Lorn and the Inner Isles - 34%

Failure of New Build Market Housing Provision

3.10 Compounding these issues, particularly on the Islands, is that there is almost no new build speculative private housing provision in much of Argyll and Bute outside Helensburgh and Lomond. A 2024 Argyll & Bute Island Housing Market Study carried out by Stantec, concluded that given high capital costs and low land values, the traditional private sector led model of housebuilding does not occur and there is little to no evidence of speculative private housing development taking place on the Islands. The study notes there is evidence that the island housing market is unable to satisfy local need and demand and there is evidence of market failure that provides a clear rationale for public sector intervention.

Failure in provision of Market Housing

In the five years to 2023, excluding Helensburgh and Lomond, the rate of private house completions on sites of 5 or more was only 17% of what would be expected as a Scottish average for the size of the population.

Wider Societal Impacts of Inadequate Housing Supply

3.11 Island surveys by Stantec (Argyll & Bute Island Housing Market Study, 2024), Community Housing Scotland (Islay Strategic Housing Overview, 2019) and Mull and Iona Community Trust (Mull and Iona Key Worker Housing Research Report 2022) have shown a considerable majority of businesses surveyed highlight difficulty in attracting and retaining workers on the islands in the absence of adequate housing provision. Businesses are operating with unfilled vacancies and reduced operating capacity as a result, all leading to lower productivity. Some businesses with the financial ability to do so, are forced to intervene in the housing market by renting accommodation and sub-letting to staff. This removes further properties from the open market. Businesses report postponing or abandoning plans for investment and expansion because of this challenge.

3.12 Council services, particularly Education, and other key public service providers such as the HSCP, Fire and Police have all reported difficulties finding suitable accommodation for staff and consequently difficulties recruiting and retaining staff. This has the potential to negatively impact on the maintenance of critical lifeline services. The Council in combination with the HSCP has been forced to intervene with the use of its Strategic Housing Fund to bring back in to use properties for HSCP workers. The Council has been required to ask major development proposals to demonstrate how they will provide worker accommodation. The potential capital outlay associated with such solutions would not be possible for many smaller SMEs. The difficulties attracting people to take up employment opportunities has a further negative effect on supporting demand for local services.

3.13 Community groups have been driven to undertake their own housing developments to provide for workers and support maintenance of local facilities such as schools. This can be seen most notably on Gigha, Colonsay and Mull. Contractors employed on island housing development report a reduced pool of skilled labour on the islands, thus necessitating the import of labour to the islands. This creates an island labour sur-charge, particularly given the lack of available accommodation, and exacerbates the new build construction costs. This effect is mirrored in remote rural areas.

Proposed Extent of Potential Short Term Let Control Area

3.14 As shown above it is clear that there are relatively high concentrations and actual numbers of Secondary Let STLs on Mull and Iona; Coll and Tiree; Islay, Jura and Colonsay and within Lorn and the Inner Isles.

3.15 This concentration of Secondary Let STLs occurs within four HMAs that can also be seen to be in distress and as a result are less resilient to absorbing this effect. Within these HMAs:

- There are high proportions of Second Homes and Long-Term Empty Properties which when compounded with Secondary Let STLs creates significant levels of non-effective housing stock;
- Substantially higher than normal levels of single occupancy within the effective housing stock, reduces the availability for the remaining population.
- Levels of available private rented stock are falling;
- Competition for the available Social Housing Stock is high;
- Private house prices for those on median incomes are unaffordable;
- High sales levels to those outwith the Area, affects both affordability and availability for those within the Area who are out competed in the market;
- Private speculative new build housing supply is almost non-existent;
- Businesses are struggling to attract and retain staff due to accommodation shortages;
- Continuity of key public services including Education, HSCP, Fire and Police is threatened due to accommodation shortages;
- Communities are forced into delivering their own housing solutions;
- Major development projects need to consider their own housing solutions.

3.16 For all these reasons the Council is proposing to designate a STL Control Area covering these four HMAs.